ECONOMIC REVIEW 2014

ST. JOHN'S METROPOLITAN AREA

2014 Performance

The St. John's Census Metropolitan Area (CMA) recorded a mixed economic performance in 2014. While real gross domestic product (GDP) declined, many other economic indicators recorded positive growth. Real GDP fell by 1.2 per cent as the impacts of declining oil production and a weaker housing market were only partially offset by increased oil and gas development activity and higher consumer spending. Real GDP excluding oil production fell by only 0.1 per cent. In comparison, provincial real GDP decreased by 2.0 per cent in 2014.

The CMA labour market performed well in 2014 as employment growth in oil and gas related construction, retail trade and other private service sector industries more than offset lower public sector, residential construction and manufacturing employment. Employment in the St. John's CMA increased by 1.9 per cent (or 2,000) to 110,000 in 2014 and the labour force grew by 1.6 per cent to 116,800. Since the growth in employment was greater than that in the labour force, the unemployment rate decreased by 0.2 percentage points to 5.9 per cent. This was the lowest unemployment rate in at least 40 years and is the 11th lowest unemployment rate among CMAs in Canada.

Household income increased 7.8 per cent in 2014 to $10.4 billion, driven by wage gains and employment growth. Increased household income resulted in solid growth in the retail sector with retail sales rising by 6.5 per cent to $4.1 billion. Housing starts fell by 29.1 per cent to 1,230 units as starts in both singles and apartments saw significant declines.

In 2014, the St. John's CMA is estimated to have recorded an annual population increase for the 16th consecutive year. Gains resulted from natural growth (more births than deaths) and net in-migration to the region. As of July 1, 2014 the population of the St. John's CMA is estimated at 209,700, up 0.6 per cent from the previous year.

Outlook for 2015

The economic outlook for the CMA in 2015 is expected to be mixed. While spending and local development activity related to the Hebron, Muskrat Falls and Hibernia projects will remain high, development work related to the West White Rose expansion and Alderon now appears unlikely to happen this year. Uncertainty created by recent declines in the price of oil is expected to negatively affect consumer and business confidence, possibly leading to reduced spending. Given the current volatile economic climate there is a higher than normal degree of uncertainty regarding the economic outlook for 2015.

Economic Indicators
St. John's Metropolitan Area, 2013-2014

	2013	2014e	% Change 2013 - 2014e
Real GDP (2007$M)	14,497	14,329	-1.2
Employment (000s)	108.0	110.0	1.9
Labour Force (000s)	115.0	116.8	1.6
Unemployment Rate (%)	6.1	5.9	-0.2 ppts
Participation Rate (%)	69.2	69.3	0.1 ppts
Household Income ($M)	9,615	10,370	7.8
Retail Trade ($M)	3,874	4,128	6.5
Housing Starts	1,734	1,230	-29.1
CPI (2002=100)	125.8	128.4	2.1
Population (000s)	208.4	209.7	0.6

Source: Statistics Canada; Economic Research and Analysis Division, Department of Finance, Government of Newfoundland and Labrador
e: estimate

ST. JOHN'S

348 Water Street
City of St. John's, P.O. Box 908
St. John's, NL A1C 5M2
(709) 576-8107
business@stjohns.ca

Prepared by the Government of Newfoundland and Labrador Department of Finance (Economic Research and Analysis Division) and the City of St. John's (Office of Strategy & Engagement) Note: The St. John's Census Metropolitan Area is a Statistics Canada geographically defined area including St. John's and neighbouring communities

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